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TORONTO - Consolidated net earnings of Denison Mines Limited for 1976 were $15,043,214, equal to $3.29 per share, a decrease of 43% from the 1975 figure of $26,517,784, equal to $5.80 per share.

Total sales of $160,058,677 were up from $139,855,498 in 1975 as a result of higher uranium and cement sales.

According to the Company's annual report released today, major factors contributing to lower earnings were: a significant increase in uranium production costs at Elliot Lake in 1976 over 1975 because of severe labour problems, with resultant lower man-hour productivity; scheduled uranium deliveries lower than in the previous year; increasingly stringent environmental regulations and other inflationary factors which had an adverse impact on productivity and production costs; higher oil exploration expenditures; and costly start-up problems in Lake Ontario Cement's new cement kiln system.

Stephen B. Roman, Chairman and Chief Executive Officer, said in the directors' report that a large quantity of uranium shipped from stockpile accounted for 1975 earnings being more than double the 1974 level. While 1976 earnings represent the first decline in five years, they are still the third highest in the Company's history, Mr. Roman said. Despite reduced earnings, the Company made very significant progress in 1976.

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Some $90 million has been spent in the past three years to expand uranium production capability at Elliot Lake; to double Lake Ontario Cement's capacity to produce clinker for cement production; to acquire interests in the Prinos oil and gas field in the North Aegean Sea; to accelerate development of two major metallurgical coal properties in British Columbia; and to obtain interests in large oil and gas exploration licenses in various parts of the world.

"The objective of these major programs is to build a base of additional resources for future growth, with the major thrust directed to finding and developing energy resources on a world-wide basis," Mr. Roman emphasized. "The Company is in a position to expand further in the uranium business and to undertake the major development stages leading to production from new coal, oil and gas projects.

"This long-term planning and diversification is further evidence of the Company's continued progress. We are confident that, in the coming years, these achievements will provide the Company with an increasingly broad economic base, with consequently higher profits and dividends, as well as greatly increased employment opportunities for many Canadians."

In view of strong world-wide demand for uranium, Denison's future is firmly based on its Elliot Lake mine and uranium-producing facilities - one of the world's largest known sources of this energy resource. A major expansion of facilities has recently been completed there to meet existing sales commitments totaling 77,000,000 pounds of uranium oxide. As well, uranium exploration was accelerated in 1976.

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"In order to build the Company's uranium business beyond this base at Elliot Lake, exploration programs are concentrated on discovering new uranium deposits. The uranium exploration budget for 1977 is the largest in the Company's history," Mr. Roman said. Denison has been working actively to help fulfil the federal government's objective of assuring long-term Canadian uranium requirements. Negotiations for uranium sales in the Canadian market have been under way for a long time. It is becoming imperative, Mr. Roman said, that Canadian utilities make the necessary commitments so that orderly expansion of uranium supplies can be undertaken.

The directors' report emphasizes that the most dramatic developments in the Company's increasingly international activities have been occurring in the oil and gas division. Denison's acquisition of a 68.75% interest in the North Aegean Sea oil and gas licenses of Oceanic Exploration Company of Denver is most important for future growth. Included is the Prinos oil field, which is currently being delineated for development and production. As well, a production test to start early in 1977 and future drilling planned for off-shore Spain will provide information to establish the commercial viability of the Casablanca oil discovery.

A large base of oil exploration concessions has been established on a broadly spread geographic basis. Meanwhile, in Canada, higher crude oil prices continue to result in modest improvement in revenue although production is declining because of government export restrictions, the directors' report states.

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In a letter of intent, in 1976, the Japanese steel industry undertook to negotiate purchase of five million tons of metallurgical coal per year from Denison's Quintette project in northeastern B.C. Detailed exploration at Quintette in 1976 confirmed the presence of 130 million tons of surface-mineable coal. Reserves planned for underground hydraulic mining total 170 million tons. The final feasibility study will be completed early in 1977 with the aim of reaching a production decision.

During 1976, too, Mitsui Mining Co. Ltd., and Tokyo Boeki Ltd., acquired the interest of Alco Standard in Quintette Coal Ltd., thus increasing their total shareholding to 45%, while Imperial Oil Limited, in a letter of intent, acquired a 16.75% shareholding. Denison owns 38.25% of Quintette and manages the project.

Denison reached an agreement with the Ruhrkohle Group in 1976 to carry out a two-year, $5,000,000 program of exploration and feasibility studies of the Saxon project in northeastern B.C. A $2,000,000 first-phase study in 1976 confirmed sufficient reserves to support a 20-year operation capable of producing at least four million tons of metallurgical coal annually. The Group comprises Ruhrkohle A.G., Mitsui & Co. Ltd., and a major French steel producer. The Group may acquire up to a 50% interest in Saxon Coal Ltd.

The annual report says that Lake Ontario Cement encountered mechanical problems with the new equipment at its Picton cement plant and, despite higher sales, profits were reduced.

Summarizing the outlook for Denison, Mr. Roman said: "We have concentrated our efforts and financial resources on creating energy assets of a size and international diversity which will permit growth projects to be undertaken now and in the future."

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